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EDIC/M-12
Control No. 2192
13 October 1955

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ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

Minutes of 12th Meeting

10:00 a.m., 6 October 1955

PRESENT

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CIA, Chairman
CIA

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CIA
Lt. Col Brown, OSD
Mr. Hamilton, AFOIN
Mr. Wood, G-2
Mr. Brice, ONI
Mr. Reiss, Commerce
Mr. Herman, Commerce
Mr. Shavell, Commerce/JOC
Miss Frances L. Hall, Commerce
Mr. Tilson, ICA/NDAC
Miss Baldwin, ICA
Miss Worthing, State/OIR
Miss Hanes, State/OIR
Mr. Martin, State/MC

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CIA, Acting Executive Secretary

1. Minutes, 16 September 1955 (EDIC/M-11)

Action:

It was agreed that the EDIC Ad Hoc Working Group on Magnesium should restrict its activities to exploration of intelligence data and draw on the BFC Interagency Technical Task Group for the relevant technical data.

It was agreed that item 11 of the minutes should be changed to indicate that research on Bloc demand and comparative cost for IL/I commodities was in preparation for the CG meeting rather than for the Foreign Ministers' Conference.

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2. Possible Transshipment of US-Origin Ferrotitanium and Ferrovandium from Western Europe to the Soviet Bloc. (IR-14)

Action:

Commerce will attempt to develop more complete details in connection with this request; and CIA will prepare a report on diversions of these commodities.

It was agreed to downgrade EDIC/IR-14 from SECRET to CONFIDENTIAL.

3. Report on Need for Working Group on Collection Requirements.

Action:

It was agreed to establish a Working Group on Collection Requirements, with representation from CIA (Chairman), State, Commerce and ICA. The purpose of the group is to review a draft (prepared by CIA at the request of the State Department) of a new, classified Supplement to the Foreign Service Manual containing instructions for reporting on economic relations with the Sino-Soviet Bloc.

4. Identification of New Strategic Commodities

Discussion:

The Chairman called attention to the continuing problem of identifying new strategic uses and assembling pertinent commodity intelligence for possible export control. This question was raised to determine whether present procedures for handling the problem are adequate.

Mr. Reiss pointed out that Commerce through its various technical task groups is continually working on this problem.

The AFOIN representative suggested that a statement of criteria might be sent to the Air Technical Intelligence Center at Wright Field to initiate a surveillance program there.

Miss Worthing, State, suggested that two classes of items be identified: a) military or semi-military; and b) new/unique or "know-how" industrial items (machinery rather than new materials).

The OSD representative stated he believed that agency effort should be confined at present to the items to be retained on the International Lists rather than extended to new items.

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The Chairman requested EDIC members to review this subject in their respective departments and that further discussion be postponed until the next meeting.

5. Review of Intelligence Preparation for Forthcoming CG Meeting.

Action:

The Chairman distributed to EDIC Members, for information, a draft paper entitled, "Comparison of Relative Costs of Production in the Bloc and the West for Selected Commodity Categories in the International Export Control Lists", dated 26 September 1955. This paper was prepared by CIA for the forthcoming CG meeting.

6. Report on Commerce Department Compilation of Official Trade Statistics.

Miss Frances L. Hall, Chief, Foreign Trade Section, International Economic Analysis Division, BFC, described in detail the two series of data which are prepared in the Commerce Department relating to trade with the Sino-Soviet Bloc. These are:

- a) Value Series -- bimonthly reports of the total value of trade of each Free World country with each Bloc country, in US dollars, with semi-annual and annual summaries.
- b) Country by Commodity Series -- semi-annual compilations of quantity and value by detailed commodity listings, with an annual summary.

Miss Hall emphasized that the Commerce reports are compiled exclusively from official trade statistics of the Free World Countries. She pointed out some of the inadequacies of data supplied by the various countries.

7. Pending Bloc Shipbuilding Orders (ID-16)

CIA announced that the revision of ID-16 would be completed for the next EDIC meeting.

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8. Decontrolled Commodities (EDIC/AM-16)

Discussion:

Miss Hanes reported that the State Department project on this subject has been completed for 1954, but that detailed statistics are not yet available for the first six months of 1955.

Action:

It was agreed that Mrs. Marie Bucy would serve as an MDAC observer at meetings of the Working Group on Decontrolled Commodities. The Working Group will study statistical and other intelligence problems relating to East-West trade in decontrolled commodities.

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